

Message Text

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62

ACTION ARA-10

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FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 9843
INFO USDOC WASHDC
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

UNCLAS BRASILIA 4858

E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: MECANICA 75

REF: A. STATE 133240, B. SAO PAULO 1187

1. ORIGINAL LEGISLATION ON REFERENCE MATTER (ATO DECLARATORIO 66) PROVIDED THAT BUYERS OF EXHIBITION MERCHANDISE HAD TO OBTAIN PRELIMINARY APPROVAL (PRINCIPALLY FROM THE INDUSTRIAL DEVELOPMENT COUNCIL CDI) FOR THE PROJECT THAT WOULD BE USING THE PURCHASED EQUIPMENT. UPON PRESENTATION OF THIS DOCUMENT TO FINANCE MINISTRY'S REGIONAL AUTHORITIES THE EQUIPMENT COULD BE TAKEN OUT OF THE BONDED AREA AND THE BUYER WOULD HAVE TO SIGN A TERMO DE RESPONSABILIDADE, WITH POSTING OF A BOND, TO MAKE SURE THAT DUTIES PAYMENT WOULD BE MADE IN THE EVENT TAXES WERE NOT EXEMPTED BY CDI-FINANCE MINISTRY.

2. PORTARIA 647 OF 12/4/74 PROHIBITED THE USE OF THE TERMO DE RESPONSABILIDADE FOR PURCHASES SEEKING CDI-FINANCE MINISTRY'S EXEMPTION OF TAX PAYMENTS. UNDER PORTARIA 647, EQUIPMENT COULD ONLY OBTAIN CUSTOMS CLEARANCE (IF THE PURCHASER WAS SEEKING TAX EXEMPTION) AFTER THE EXEMPTION OF DUTIES HAD BEEN GRANTED BY CDI-FINANCE MINISTRY.

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3. NEW LEGISLATION (ATO DECLARATORIO 44) REINSTATES

PROCEDURE FOR THE USE OF TERMO DE RESPONSABILIDADE.
EMBASSY CONTACT FINANCE MINISTRY'S OFFICE RESPONSIBLE FOR
ITS ISSUANCE (COORDINATION OF THE TAX SYSTEM - CST). CST
OFFICIAL TOLD EMBASSY THAT SINCE THEY COULD NOT COUNTER-
MAND FINANCE MINISTER'S PORTARIA 647, THEY
DECLARED A SPECIFIC EXCEPTION JUST FOR ALCANTARA
MACHADO'S FAIRS THROUGH ATO 44. THEREFORE, THOUGH
ATO 44 STATES THAT USE OF TERMO DE RESPONSABILIDADE
IS FORBIDDEN, PURSUANT TO PORTARIA 647, IT ALSO
PROVIDES THAT EQUIPMENT "CA" BE TAKEN OUT OF THE
BONDED AREA UPON THE USE OF THE TERMO AND, ON THE
OTHER HAND, FULFILLMENT OF "NATIONALIZATION" REQUIRE-
MENTS SHOULD BE COMPLETED WITHIN 240 DAYS. APPAR-
ENTLY, THIS EXCEPTION WILL RESULT, IN PRACTICE IN
1) SAVING OF STORAGE CHARGES AND 2) MORE EXPEDITIONS
TRANSFER OF THE MERCHANDISE TO THE BUYER.
EMBASSY IS POUCHING ALL RELEVANT LEGAL DOCUMENTS
REFERRED TO ABOVE.
CRIMMINS

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